

REGULAR MEETING OF FACILITIES CORPORATION

August 2, 2023

Location: The public meeting will be conducted onsite with limited seating at 200 Kalmus Drive, Costa Mesa, CA 92626 and via YouTube live stream <https://www.youtube.com/live/6tDIokX>

ORANGE COUNTY BOARD OF EDUCATION
FACILITIES CORPORATION
AGENDA

CALL TO ORDER - STATEMENT OF PRESIDING OFFICER: "For the benefit of the record, this Regular Meeting of Facilities Corporation is called to order."

ROLL CALL

- (*) AGENDA Regular Meeting of August 2, 2023 – adoption
- (*) MINUTES Receive the Minutes of the Regular Meeting of August 17, 2022 – Approved at the September 7, 2022 meeting.

PUBLIC COMMENTS

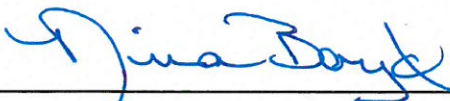
At this time, members of the public may address the Board of Education regarding any agenda and/or off-agenda items within the subject matter jurisdiction of the Board of Education provided that NO action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three (3) minutes per person per meeting and thirty (30) minutes for all comments.

SPECIAL RECOMMENDATIONS

- (*) 1. Appoint the officers of the Education Facilities Corporation
- (*) 2. Receive the Esplanade Project Operational Report for fiscal year 2022-23.
- (*) 3. Receive and approve the Esplanade Project Operational Budget for fiscal year 2023-24.

CLOSED SESSION

ADJOURNMENT



Nina Boyd
Assistant Secretary to the Facilities Corporation, Orange County

(*) Printed items included in materials mailed to Board Members



MINUTES
Regular Meeting
Facilities Corporation
August 17, 2022

ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION
MINUTES

CALL TO ORDER

The Regular Meeting of the Orange County Board of Education Facilities Corporation was called to order at 5:56 p.m. on August 17, 2022 in the Board Room, 200 Kalmus, Costa Mesa, California and via YouTube live stream.

ROLL CALL

Present:
Tim Shaw
Lisa Sparks, Ph.D.
Ken L. Williams, D.O.
Mari Barke

AGENDA

Motion by Williams, seconded by Barke, and carried by a vote of 4-0 to approve the August 17, 2022 agenda of the Facilities Corporation regular meeting.

MINUTES

August 4, 2021 Regular Meeting of Facilities Corporation Minutes – Received

PUBLIC COMMENTS

None

SPECIAL RECOMMENDATIONS

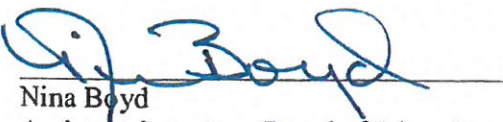
1. Motion by Williams, seconded by Shaw, and carried by a vote of 4-0 to confirm the appointment of the officers of the Facilities Corporation for 2022-23.
 - Lisa Sparks, Ph.D. – President
 - Tim Shaw – Secretary
 - Mari Barke – Treasurer
2. The Esplanade Project Operational Report for fiscal year 2022-20221 was received by the Board.
3. Motion by Barke, seconded by Shaw, and carried by a vote of 4-0 to receive and approve the Esplanade Project Operational Budget for fiscal year 2022-2023.


CLOSED SESSION

None

ADJOURNMENT

On a motion duly made and seconded, the Regular Meeting of the Facilities Corporation of August 17, 2022 adjourned at 5:59 p.m.


Nina Boyd
Assistant Secretary, Board of Education


Lisa Sparks, Ph.D.
President, Board of Education

DB

**ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION**

BOARD AGENDA ITEM

DATE: August 2, 2023
TO: Nina Boyd, Deputy Superintendent
FROM: Renee Hendrick, Associate Superintendent, Administrative Services
SUBJECT: Education Facilities Corporation Board of Directors 2023-2024

BACKGROUND:

The Orange County Department of Education Facilities Corporation is a nonprofit public benefit corporation organized under the California Nonprofit Public Benefit Corporation Law for public purposes.

Section 3.02 of the Corporation's Bylaws provides that the Directors of the Corporation shall be the then current members of the Orange County Board of Education. Section 3.05 of the Bylaws provides that a vacancy on the Board because of death shall be filled in the manner prescribed in these Bylaws for regular appointment to such office.

As stated in the Action by Incorporator, officers of the Facilities Corporation are elected to the office as indicated opposite each person's name by virtue of their office on the Board of Education.

<u>Office</u>	<u>2022-2023</u>	<u>2023-2024</u>
President	Lisa Sparks, Ph.D.	President Tim Shaw
Secretary	Tim Shaw	Secretary Lisa Sparks, Ph.D.
Treasurer	Mari Barke	Treasurer _____

RECOMMENDATION:

Appoint the officers of the Education Facilities Corporation.

RH:sh

August 2, 2023

[X] Mailed [] Distributed at meeting

JB

**ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION**

BOARD AGENDA ITEM

DATE: August 2, 2023
TO: Nina Boyd, Deputy Superintendent
FROM: Renee Hendrick, Associate Superintendent, Administrative Services
SUBJECT: The Esplanade Project Operational Results for Fiscal Year 2022-23

BACKGROUND:

For the 2022-23 fiscal year, the Esplanade Project averaged 95% occupancy with an average debt service interest rate of 2.84%.

The total operating revenues were \$2,658,013 and the total expenditures which includes major tenant renovations are \$2,129,035 resulting in an increase in our fund balance of \$528,978. We continue to work with leases that have been impacted by the COVID-19 pandemic.

We continue with a fixed rate of 2.84% until June 1, 2029 when the Certificates of Participation will be paid in full. The current Principal outstanding is \$7,485,000.

Our Esplanade Project Fund Balance as of June 30, 2023, was \$4,391,288.

RECOMMENDATION:

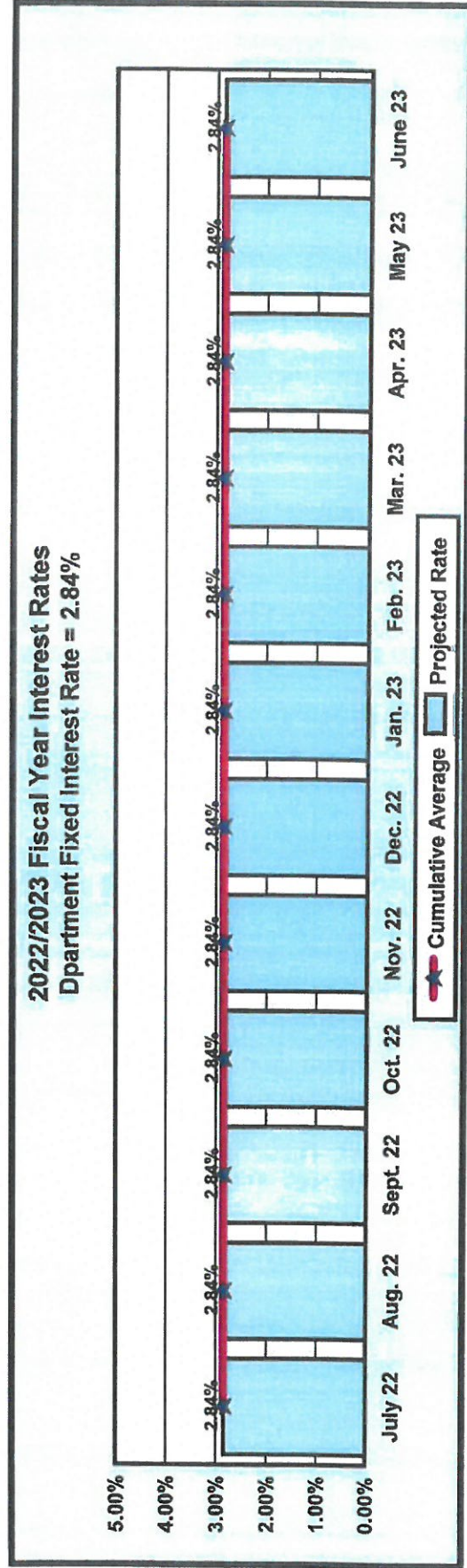
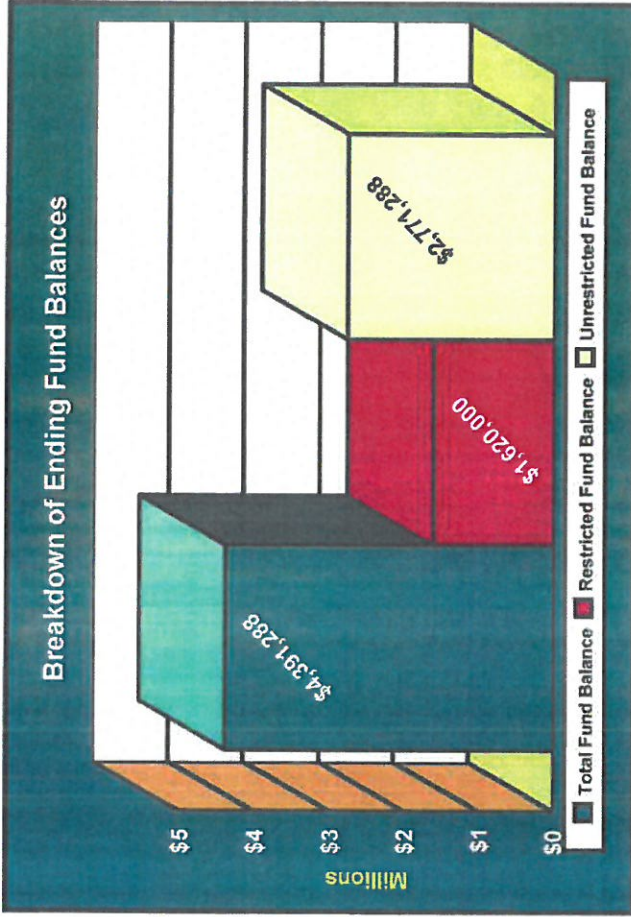
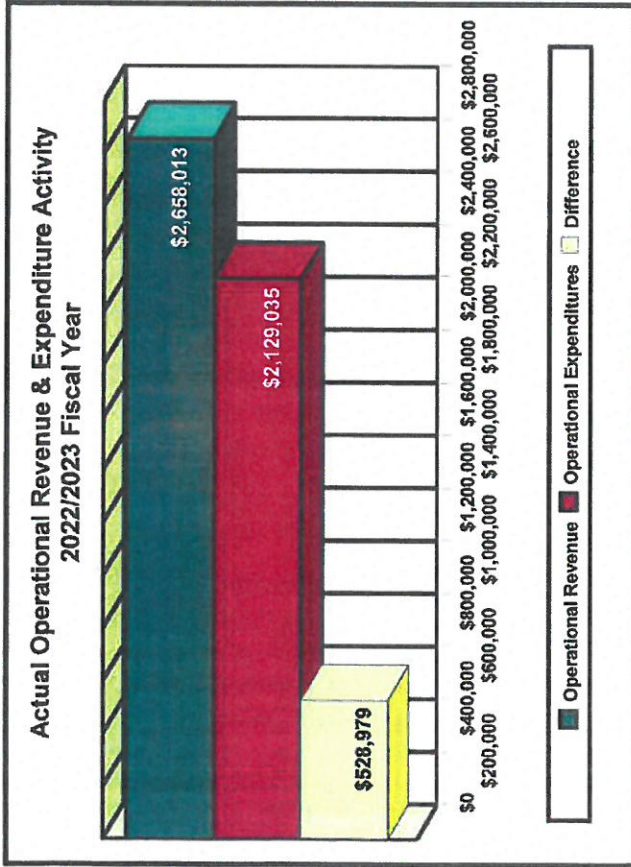
Receive the Esplanade Project Operational Report for fiscal year 2022-23

RH:sh

The Esplanade Project Annual Report
2022/23 Fiscal Year -- Actual Vs. Budget Comparison

Budget Categories	2022/2023 Budget	2022/2023 Actuals	Actual Vs. Budget
BEGINNING FUND BALANCE:	\$3,862,309.88	\$3,862,309.88	\$0.00
TOTAL OPERATING REVENUE: (1)	\$1,818,306.66	\$2,658,013.10 (A)	\$839,706.44
OPERATING EXPENDITURES:			
Total Rental Expenditure: (2)	\$779,347.11	\$739,847.69	(\$39,499.42)
Total Debt Service Payments: (3)	1,394,666.00	1,389,186.87 (B)	(5,479.13)
Special Principal Prepayment:	0.00	0.00	0.00
TOTAL OPERATING EXPENDITURES:	\$2,174,013.11	\$2,129,034.56	(\$44,978.55)
TOTAL CAPITAL EXPENDITURES: (4)	\$1,200,000.00	\$0.00	(\$1,200,000.00)
OTHER FINANCING SOURCES (USES):	0.00	0.00	0.00
TOTAL EXPENDITURES:	\$3,374,013.11	\$2,129,034.56	(\$1,244,978.55)
NET CHANGE IN FUND BALANCE:	(\$1,555,706.45)	\$528,978.54	\$2,084,684.99
ENDING FUND BALANCE:	\$2,306,603.43	\$4,391,288.42	
Restricted Fund Balance:			
2021/2022 FY Program Reserve Fund:	\$1,620,000.00	\$1,620,000.00	
Total Restricted Fund Balance:	\$1,620,000.00	\$1,620,000.00	
Total Unrestricted Fund Balance:	\$686,603.43	\$2,771,288.42	
<p>(1) Total Operating Revenue includes all rental and investment income.</p> <p>(2) Total Rental Expenditures include: Property Management, Repairs, Facilities Maintenance, Custodial Supply, Sweeping Services, Legal Services, Utilities, Leasing Commission, & Miscellaneous Services.</p> <p>(3) Total Net Debt Service Payments include Certificate principal, interest, Program operational expenditures.</p> <p>(4) Total Capital Expenditures include amounts paid during the current fiscal year for operational improvements to secure tenant leaseholds.</p>			
<p>Actual</p> <p>(A) Fiscal Year 2022/23 average occupancy rate is 95%.</p> <p>(B) The Department's rate was reset at a fixed interest rate of 2.84% on December 1, 2019, through June 1, 2029. Payments are due semiannually on June 1st & December 1st.</p> <p>(C) The current principal outstanding is \$7,485,000.</p>			

The Esplanade Project Annual Report Fiscal Year 2022/2023 Fiscal Year Results



The Esplanade Project Annual Report
2022/23 Fiscal Year Revenue/Expenditure Results

BEGINNING FUND BALANCE:	\$3,862,309.88
TOTAL OPERATING REVENUE (1):	\$2,658,013.10
OPERATING EXPENDITURES:	
Total Rental Expenditures (2):	\$739,847.69
Total Debt Service Payments (3):	1,389,186.87
Special Principal Prepayment:	<u>0.00</u>
TOTAL OPERATING EXPENDITURES:	\$2,129,034.56
TOTAL CAPITAL EXPENDITURES (4):	\$0.00
OTHER FINANCING SOURCES (USES):	<u>0.00</u>
TOTAL EXPENDITURES:	\$2,129,034.56
NET CHANGE IN FUND BALANCE:	\$528,978.54
ENDING FUND BALANCE:	\$4,391,288.42
Restricted Fund Balance:	
2012 Program Reserve Fund:	\$1,620,000.00
Total Restricted Fund Balance:	\$1,620,000.00
Unrestricted Fund Balance:	
2012 Program Fund Accounts:	\$51,388.50
Esplanade Operational Fund Accounts:	<u>2,719,899.92</u>
Total Unrestricted Fund Balance:	\$2,771,288.42

- (1) Total Operating Revenue includes all rental and investment income.
(2) Total Rental Expenditures include: Property Management, Repairs, Facilities Maintenance, Custodial Supply, Sweeping Services, Legal Services, Utilities, Leasing Commissions, and Miscellaneous Services.
(3) Total Debt Service Payments include scheduled principal payments, interest payments, and Program operational expenditures.
(4) Total Capital Expenditures include amounts paid during the current fiscal year for operational improvements to secure tenant leaseholds.

Actual:

(A) Fiscal Year 2022/23 occupancy rate is 95%.
The Department's rate was reset at a fixed interest rate of 2.84% on December 1, 2019, through June 1, 2029.
Interest is paid semiannually on June 1st & December 1st. The current Principal outstanding is \$7,485,000.

The Esplanade Project Revenue/Expenditure Report
From July 1, 2022 Through June 30, 2022

Description of Activity	Fiscal Year 2022/2023 1st Quarter	Fiscal Year 2022/2023 2nd Quarter	Fiscal Year 2022/2023 3rd Quarter	Fiscal Year 2022/2023 4th Quarter	Fiscal Year 2022/2023 Combined
<u>Rental & Other Revenue</u>					
Tenant Rent Revenue	\$458,885.83	\$463,910.71	\$922,103.79	\$612,771.27	\$2,457,671.60
Common Area Maintenance Fees	22,566.47	21,570.30	44,467.62	29,927.63	118,532.02
Late Fees	<u>2,374.96</u>	<u>486.16</u>	<u>2,175.40</u>	<u>525.22</u>	<u>5,561.74</u>
Total Rental Revenue:	\$483,827.26	\$485,967.17	\$968,746.81	\$643,224.12	\$2,581,765.36
2002 Program/O.C.Treasurer Interest:	6,538.90	16,140.44	24,459.98	29,108.42	76,247.74
Other Revenue	0.00	0.00	0.00	0.00	0.00
Total Rental Revenue:	\$490,366.16	\$502,107.61	\$993,206.79	\$672,332.54	\$2,658,013.10
<u>Operating Expenditures</u>					
Property Management	\$24,256.66	\$44,859.36	\$33,320.53	\$26,613.61	\$129,050.16
Property Taxes & Permits	12,047.24	0.00	0.00	0.00	12,047.24
Repairs - Air Conditioning System	33,514.82	6,008.12	4,416.31	17,034.15	60,971.40
Repairs - Facilities	11,104.74	10,983.20	22,489.35	20,278.79	64,856.08
Repairs - Grounds	0.00	1,167.78	0.00	0.00	1,167.78
Leasing Commissions	14,593.39	10,924.74	13,967.24	14,748.70	54,234.07
Consulting Services - 5851	0.00	0.00	0.00	0.00	0.00
Maintenance - Landscape	3,766.56	0.00	9,046.48	22,272.30	35,085.34
Maintenance - Plumbing	105.00	0.00	450.00	230.00	785.00
Maintenance - Lighting	1,615.91	1,501.89	1,249.50	2,370.96	6,738.26
Maintenance - Parking Lot	751.92	751.92	774.48	774.48	3,052.80
Maintenance - Alarm System	2,625.00	2,625.00	1,900.00	2,850.00	10,000.00
Custodial Services	12,299.43	8,567.12	17,014.21	12,914.40	50,795.16
Custodial Supply	2,499.93	2,518.54	5,472.77	2,730.64	13,221.88
Sweeping Services	0.00	0.00	0.00	0.00	0.00
Miscellaneous Services	4,304.85	0.00	2,530.56	5,070.62	11,906.03
Pest Control	1,169.25	1,262.85	1,309.65	1,309.65	5,051.40
Advertising	471.01	410.98	398.04	355.59	1,635.62
Legal Services	652.85	162.60	2,790.56	10,466.53	14,072.44
Utilities - Water	9,778.24	8,788.51	3,037.51	7,671.75	29,276.02
Utilities - Waste Disposal	10,308.46	8,721.33	10,624.83	9,117.33	38,772.95
Utilities - Electric	53,566.34	53,873.35	34,877.86	33,475.31	175,792.86
Utilities - Natural Gas	903.32	4,036.03	14,166.43	2,229.42	21,335.20
Other	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Operating Expenditures:	\$200,335.92	\$167,161.22	\$179,836.31	\$192,514.24	\$739,847.69
<u>Capital Expenditures</u>					
Site/Project Improvements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Tenant Improvements	0.00	0.00	0.00	0.00	0.00
Other	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Capital Expenditures:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<u>Debt Service Expenditures</u>					
Interest Component of Payment	\$0.00	\$122,333.00	\$0.00	\$122,333.00	\$244,666.00
Principal Component of Payment	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,130,000.00</u>	<u>1,130,000.00</u>
Total Debt Service:	\$0.00	\$122,333.00	\$0.00	\$1,252,333.00	\$1,374,666.00
Program Operational Expenditures:	<u>0.00</u>	<u>5,153.76</u>	<u>7,307.52</u>	<u>2,059.59</u>	<u>14,520.87</u>
2002 Program Expenditures:	\$0.00	\$127,486.76	\$7,307.52	\$1,254,392.59	\$1,389,186.87
Total Expenditures:	\$200,335.92	\$294,647.98	\$187,143.83	\$1,446,906.83	\$2,129,034.56
Revenue/Expenditures:	\$290,030.24	\$207,459.63	\$806,062.96	(\$774,574.29)	\$528,978.54
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Sources	0.00	0.00	0.00	0.00	0.00
Transfers Out	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Sources (Uses):	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Change in Fund Balance:	\$290,030.24	\$207,459.63	\$806,062.96	(\$774,574.29)	\$528,978.54
Esplanade Operational Fund:	\$2,174,150.44	\$2,174,150.44	\$2,174,150.44	\$2,174,150.44	\$2,174,150.44
2012 Program Fund Accounts:	68,159.44	68,159.44	68,159.44	68,159.44	68,159.44
Reserve Fund:	<u>1,620,000.00</u>	<u>1,620,000.00</u>	<u>1,620,000.00</u>	<u>1,620,000.00</u>	<u>1,620,000.00</u>
Total Fund Balance -- Beginning:	\$3,862,309.88	\$4,152,340.12	\$4,359,799.75	\$5,165,862.71	\$3,862,309.88
Total Fund Balance -- Ending:	\$4,152,340.12	\$4,359,799.75	\$5,165,862.71	\$4,391,288.42	\$4,391,288.42

DB

**ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION**

BOARD AGENDA ITEM

DATE: August 2, 2023
TO: Nina Boyd, Deputy Superintendent
FROM: Renee Hendrick, Associate Superintendent, Administrative Services
SUBJECT: The Esplanade Project Operational Budget for Fiscal Year 2023-24

BACKGROUND:

The budget reflects revenues at an average occupancy rate of 84%. For the budget year, we expect that rental expenditures will increase by 15% or \$110,977. We project capital expenditures at \$1,200,000 for tenant improvements. On December 1, 2019, we fixed our interest rate at 2.84% through June 1, 2029. The projected debt service payments total \$1,392,574 for this year. This interest rate is fixed through the term of loan.

Based on these assumptions we are projecting a net decrease in the fund balance of \$1,449,889 for the budget year.

RECOMMENDATION:

Receive and approve the Esplanade Project Operational Budget for fiscal year 2023-24.

RH:sh

The Esplanade Project Annual Report
2023/2024 Fiscal Year Revenue/Expenditure Budget

BEGINNING FUND BALANCE:	\$4,391,288.42
TOTAL OPERATING REVENUE (1):	\$1,993,509.83
OPERATING EXPENDITURES:	
Total Rental Expenditures (2):	\$850,824.84
Total Debt Service Payments (3):	<u>1,392,574.00</u>
TOTAL OPERATING EXPENDITURES:	\$2,243,398.84
TOTAL CAPITAL EXPENDITURES (4):	\$1,200,000.00
OTHER FINANCING SOURCES (USES):	<u>0.00</u>
TOTAL EXPENDITURES:	\$3,443,398.84
NET CHANGE IN FUND BALANCE:	(\$1,449,889.02)
ENDING FUND BALANCE:	\$2,941,399.40
Restricted Fund Balance:	
2012 Program Reserve Fund:	\$1,620,000.00
Total Restricted Fund Balance:	\$1,620,000.00
Total Unrestricted Fund Balance:	\$1,321,399.40

- (1) Total Operating Revenue includes all rental and investment income.
(2) Total Rental Expenditures includes: Property Management, Repairs, Facilities Maintenance, Custodial Supply, Sweeping Services, Legal Services, Utilities, Leasing Commissions, and Miscellaneous Services.
(3) Total Debt Service Payments includes Certificate principal, interest, and Program operational expenditures.
(4) Represents General Improvements of the Esplanade facilities.

Budget Assumptions:

Revenues are based on an estimated occupancy average of 84%.
Rental Expenditures are projected at 115% of FY 2022/23 Actuals. Debt Service payments are based on a fixed interest rate of 2.84% through June 1, 2029.